

**CITY OF HAYWARD
PEDESTRIAN AND BICYCLE PROGRAM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

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**CITY OF HAYWARD
BICYCLE AND PEDESTRIAN PROGRAM
A COMPONENT OF THE CITY OF HAYWARD, CALIFORNIA
For The Years Ended June 30, 2015 and 2014**

**Pedestrian and Bicycle Program
(A Component of the City of Hayward, California)**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council,
of the City of Hayward
Hayward, California

Report on Financial Statements

We have audited the financial statements of the City of Hayward Pedestrian and Bicycle Program (Program) of the City of Hayward, California (City), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Program and are not intended to present fairly the financial position results of total operations of the City in conformity with generally accepted accounting principles in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Program as of June 30, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 17, 2015

City of Hayward
Bicycle and Pedestrian Program
(A Component of the City of Hayward, California)

BALANCE SHEETS, JUNE 30, 2015 AND 2014

	Allocation Instruction #	Totals	
	14001068	2015	2014
ASSETS			
Due from Metropolitan Transportation Commission (Note 3)	\$36,361	\$36,361	
LIABILITIES			
Due to City of Hayward	\$36,361	\$36,361	

See accompanying notes to financial statements

City of Hayward
Bicycle and Pedestrian Program
(A Component of the City of Hayward, California)

STATEMENTS OF REVENUES AND EXPENDITURES -
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Allocation Instruction # 14001068	Totals 2015 2014	
REVENUES:			
T.D.A. Article 3.0 (Note 3)	\$36,361	\$36,361	\$99,599
EXPENDITURES:			
Wheelchair Ramps (Note 3)	36,361	36,361	99,599
Total Expenditures	36,361	36,361	99,599
Excess of Revenues Over Expenditures			

See accompanying notes to financial statements

CITY OF HAYWARD
BICYCLE AND PEDESTRIAN PROGRAM
A COMPONENT OF THE CITY OF HAYWARD, CALIFORNIA
For The Years Ended June 30, 2015 and 2014

NOTE 1 - DESCRIPTION OF REPORTING ENTITY

The City of Hayward, California (the City) Pedestrian and Bicycle Program (the Program) includes the financial activities associated with the projects funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by one-quarter of a cent of the 7% state sales tax. Article 3 of the TDA permits local agencies to spend a portion of that money (not to exceed 2%) on facilities provided for the exclusive use of pedestrians and bicycles.

The projects are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for allocation of funds to eligible claimants within the greater San Francisco Bay Area. Eligibility is contingent upon the cities having adopted a comprehensive bicycle master plan. The City of Hayward adopted a comprehensive master plan in April 1994 (Resolution 94-076). The City Council approved an update to the bicycle master plan in November 2007 (Resolution 07-160).

The Program is for the construction of wheelchair ramps, bicycle trails, and pedestrian crosswalk push buttons in various locations throughout the City. Individual project funds are generally expended over a two or three year period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The Program is part of the City and is included in the special revenue funds of the basic financial statements of the City. A fund is a set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized. The Program's are accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. TDA Article 3.0 revenues are recognized when qualifying project expenditures are incurred. Expenditures are generally recognized when they are incurred.

CITY OF HAYWARD
BICYCLE AND PEDESTRIAN PROGRAM
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For The Years Ended June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's current assets and deferred outflows of resources, less its liabilities and deferred inflows of resources. The Program's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

NOTE 3 - TDA ARTICLE REVENUE/EXPENSE

During the year ended June 30, 2015, the City received allocation instructions from the Metropolitan Transportation Commission for the following projects:

Project Name	Allocation Instruction #	Grant	Expenditures		Revenue		Due from
			For the Years Ended June 30,		For the Years Ended June 30,		MTC at
			2015	2014	2015	2014	June 30, 2015
Wheelchair ramps	13001071	\$112,935		\$99,599		\$99,599	
Wheelchair ramps	14001068	122,497	\$36,361		\$36,361		\$36,361
Wheelchair ramps	15001062	123,408					
Total		\$358,840	\$36,361	\$99,599	\$36,361	\$99,599	\$36,361

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and Members of the City Council
of the City of Hayward, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Hayward Pedestrian and Bicycle Program (the Program) of the City of Hayward, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards*.

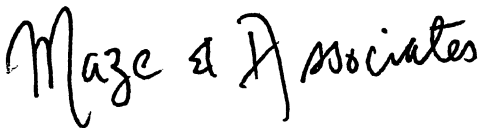
We have also issued a separate Memorandum on Internal Control dated December 17, 2015 which is an integral part of our audits and should be read in conjunction with this report.

City's Response to Findings

The City's response to the findings identified in our audit are described in our separately issued Memorandum on Internal Control which is an integral part of our audits and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
December 17, 2015